

AMENDED IN SENATE JULY 16, 2003

AMENDED IN ASSEMBLY MAY 13, 2003

AMENDED IN ASSEMBLY APRIL 24, 2003

AMENDED IN ASSEMBLY APRIL 10, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1685

Introduced by Assembly Member Leno
(Coauthors: Assembly Members Hancock, Jackson, and Koretz)

February 21, 2003

An act to ~~add Section 379.6 to~~ *repeal and add Section 379.5 of the* Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1685, as amended, Leno. Energy: self-generation incentive program: *peak reduction*.

Existing law requires the Public Utilities Commission (~~PUC~~) *on or before March 7, 2001, and in consultation with the Independent System Operator and, to take certain actions, including, in consultation with the State Energy Resources Conservation and Development Commission (Energy Commission), to adopt initiatives, on or before March 7, 2001, to reduce demand for electricity and reduce load during peak demand periods, including adopting energy conservation demand-side management and other initiatives in order to reduce demand for electricity and reduce load during peak demand periods, including, but not limited to, differential incentives for renewable or superclean distributed generation resources. Pursuant to this*

requirement, the ~~PUC~~ *commission* has developed a Self Generation Incentive Program to encourage customers of electrical corporations to install distributed generation that operates on renewable fuel or contributes to system reliability. *Existing law also requires the commission, in consultation with those entities, to adopt and implement a residential, commercial, and industrial peak reduction program that encourages electric customers to reduce electricity consumption during peak power periods.*

This bill would *repeal those provisions and would, instead, require the* ~~PUC~~ *commission*, in consultation with the Energy Commission, to administer a self-generation incentive program for solar electricity generation until January 1, 2008, ~~in the form that exists on January 1, 2004.~~

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares each of the
2 following:

3 (a) Increasing California's reliance on renewable energy
4 resources, particularly solar electricity generation, promotes
5 stable electricity prices, protects public health, improves
6 environmental quality, stimulates sustainable economic
7 development, creates new employment opportunities, and reduces
8 reliance on imported fuels.

9 (b) The development of renewable energy resources,
10 particularly nonpolluting solar electricity generation, ameliorates
11 air quality problems throughout the state and improves public
12 health by reducing the burning of fossil fuels and the associated
13 environmental impacts.

14 (c) The Self Generation Incentive Program administered by the
15 Public Utilities Commission and established pursuant to Section
16 379.5 (Decision 01-03- 073, March 27, 2001), has been a critically
17 important subsidy for the growth of solar electricity generation in
18 California, but is set to expire at the end of 2004.

19 (d) The Legislature intends that the commission continue the
20 Self Generation Incentive Program *in order to subsidize solar*
21 *electricity generation.*



~~SEC. 2.—Section 379.6 is added to the Public Utilities Code, to read:~~

~~379.6.—~~

~~SEC. 2. Section 379.5 of the Public Utilities Code is repealed.~~

~~379.5.—Notwithstanding any other provision of law, on or before March 7, 2001, the commission, in consultation with the Independent System Operator, shall take all of the following actions, and shall include the reasonable costs involved in taking those actions in the distribution revenue requirements of utilities regulated by the commission, as appropriate:~~

~~(a) (1) Identify and undertake those actions necessary to reduce or remove constraints on the state's existing electrical transmission and distribution system, including, but not limited to, reconductoring of transmission lines, the addition of capacitors to increase voltage, the reinforcement of existing transmission capacity, and the installation of new transformer banks. The commission shall, in consultation with the Independent System Operator, give first priority to those geographical regions where congestion reduces or impedes electrical transmission and supply.~~

~~(2) Consistent with the existing statutory authority of the commission, afford electrical corporations a reasonable opportunity to fully recover costs it determines are reasonable and prudent to plan, finance, construct, operate, and maintain any facilities under its jurisdiction required by this section.~~

~~(b) In consultation with the State Energy Resources Conservation and Development Commission, adopt energy conservation demand-side management and other initiatives in order to reduce demand for electricity and reduce load during peak demand periods. Those initiatives shall include, but not be limited to, all of the following:~~

~~(1) Expansion and acceleration of residential and commercial weatherization programs.~~

~~(2) Expansion and acceleration of programs to inspect and improve the operating efficiency of heating, ventilation, and air conditioning equipment in new and existing buildings, to ensure that these systems achieve the maximum feasible cost-effective energy efficiency.~~

~~(3) Expansion and acceleration of programs to improve energy efficiency in new buildings, in order to achieve the maximum~~

1 ~~feasible reductions in uneconomic energy and peak electricity~~
2 ~~consumption.~~

3 ~~(4) Incentives to equip commercial buildings with the capacity~~
4 ~~to automatically shut down or dim nonessential lighting and~~
5 ~~incrementally raise thermostats during a peak electricity demand~~
6 ~~period.~~

7 ~~(5) Evaluation of installing local infrastructure to link~~
8 ~~temperature setback thermostats to real-time price signals.~~

9 ~~(6) Incentives for load control and distributed generation to be~~
10 ~~paid for enhancing reliability.~~

11 ~~(7) Differential incentives for renewable or super clean~~
12 ~~distributed generation resources.~~

13 ~~(8) Reevaluation of all efficiency cost-effectiveness tests in~~
14 ~~light of increases in wholesale electricity costs and of natural gas~~
15 ~~costs to explicitly include the system value of reduced load on~~
16 ~~reducing market clearing prices and volatility.~~

17 ~~(e) In consultation with the Energy Resources Conservation~~
18 ~~and Development Commission, adopt and implement a~~
19 ~~residential, commercial, and industrial peak reduction program~~
20 ~~that encourages electric customers to reduce electricity~~
21 ~~consumption during peak power periods.~~

22 *SEC. 3. Section 379.5 is added to the Public Utilities Code, to*
23 *read:*

24 *379.5. The commission, in consultation with the State Energy*
25 *Resources Conservation and Development Commission, shall*
26 *until January 1, 2008, administer a self-generation incentive*
27 *program in the same form as exists on January 1, 2004. program*
28 *for solar electricity generation.*